

(C) CALCULATION OF CHANGE IN INTEREST RATE

The interest rate I am paying prior to the Change Date is my "Current Interest Rate". Before each Change Date, the Note Holder will calculate my "New Interest Rate" by adding 3.00 % to the current index. The sum will be my "New Interest Rate" until the next Change Date SUBJECT, HOWEVER, TO THE LIMITATION ON INCREASE OR DECREASE OF MY CURRENT INTEREST RATE as provided in Section 4(D) below.

(D) LIMIT ON INCREASE OR DECREASE OF CURRENT INTEREST RATE

In no event, shall my new Interest Rate represent an increase or decrease of more than 1.50% above or below my current interest rate in any one year. At no time shall the new rate exceed 16.875 % interest.

(E) CHANGE IN MONTHLY PAYMENT

After determining my new Interest Rate as provided in Sections (C) and (D) above, the Note Holder will then determine the amount of monthly payment that would be sufficient to repay the unpaid principal balance of my loan I am expected to owe on the Change Date in full on the maturity date at my New Interest Rate in substantially equal payments. The result of this calculation is called the "New Payment Amount" and it will be the new amount of my monthly payment and may be greater or less than my "Current Payment Amount" depending upon the change in the "Index".

(F) REQUIRED FULL PAYMENT AMOUNT

Beginning with the first monthly payment after the last Change Date, I will pay the new Full Payment Amount as my monthly payment.

(G) EFFECTIVE DATE OF CHANGES

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

(H) NOTICE OF CHANGES

The Note Holder will mail or deliver to me a notice before each Change Date. The notice will advise me of:

- (i) the new interest rate on my loan as of the Change Date;
- (ii) the amount of my monthly payment following the Change Date;
- (iii) any additional matters which the Note Holder is required to disclose; and
- (iv) the title and telephone number of a person who will answer any question I may have regarding the notice.

5. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment". When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or a partial prepayment without paying any penalty. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no delays in the due dates of my monthly payments unless the Note Holder agrees in writing to those delays. My partial prepayment will reduce the amount of my monthly payments after the first Change Date following my partial prepayment. However, any reduction due to my partial prepayment may be offset by an interest rate increase.

6. LOAN CHARGES

If a law which applies to this loan and which sets maximum loan charges is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

7. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) LATE CHARGE FOR OVERDUE PAYMENTS

If the Note Holder has not received the full amount of any of my monthly payments by the end of fifteen (15) calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 4% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on any late payment.

(B) DEFAULT

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) NOTICE OF DEFAULT

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed or delivered to me.